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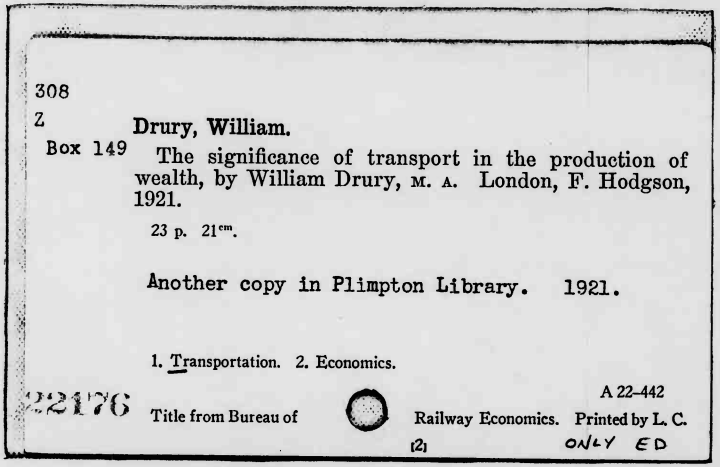

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THE SIGNIFICANCE OF TRANSPORT IN THE PRODUCTION OF WEALTH

By WILLIAM DRURY, M.A.

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THE SIGNIFICANCE OF TRANSPORT IN THE PRODUCTION OF WEALTH

By WILLIAM DRURY, M.A.

LONDON:
FRANCIS HODGSON, 89 FARRINGDON STREET, E.C.4.
1921

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PREFACE

These notes are arranged to show that the connexion between capitalism and the institution of landownership is organic, the link between them being the monopoly of transport.

The production of wealth cannot take place without a specific form of ~~government~~ movement, *the transportation of material across land to and from a co-operative centre.*

Supplies of material at the co-operative centre are specifically capital, and these supplies are maintained by transport.

The space in which transport takes place is land, and to the ownership of this land is attached the power of restricting the formation of capital by transport.

Capitalism is the dominance in industry of the owners of capital, and its strength is due to the exercise of restrictions on transport.

W. D.

London, December 23, 1920.

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THE SIGNIFICANCE OF TRANSPORT

I. PRODUCTION

First principles.

There are certain physical limitations to which all material things are subject, limitations which cannot themselves be explained, but which are universal, so that everything which is the object of natural science must ultimately be referred to them. Such is the conception of space, in which that of time is included. It is sufficiently accurate for our purpose to say that no two material things, such as we know them, can occupy the same space, nor can any one of them be in two places at the same time. Hence, any change appears to us as a movement through space, and hence the ultimate essential in the production of wealth is freedom of movement.

The only essential to production.

What is commonly called the production of wealth is nothing but the disposal of materials in space with a view to their use. No new matter is ever produced, but in the production of wealth materials, or masses of matter in different forms, already existing are moved to where they are needed or from where they are not needed, whether that movement be the transport of the mass of material from one locality to another, or whether it be a movement of parts of the mass into new relations to serve some chemical or mechanical purpose.

Other elements.

The problem of production is therefore the problem of free movement. The other elements in the problem, such as material and labour, are resolvable into this one. The use that can be made of material is not necessarily dependent on its quantity, for if the disposal of it, or its circulation, is sufficiently rapid and free, as great an amount of wealth may be produced from a small as from a large quantity of material. Nor are the uses that can be served by materials dependent upon the ~~quality~~ quantity of labour that is available, for if the relations of the physical obstacles and the physical aids to free movement were fully known, labour might be reduced indefinitely.

II. CO-OPERATION

Co-operation and free movement.

The conception of the production of wealth as being dependent on freedom of movement—that is, on freedom from physical obstacles to movement—enables us to account for the principle of co-operation or mutual aid.

Increasing return.

For the principle well known as the law of increasing return is nothing but a representation of the fact that a series of obstacles which impedes the movement necessary to the production of any form of wealth seldom presents as strong a resistance as formerly when once that series has been overcome, and with each traversing of a given space the resistance of physical obstacles is further weakened and the movement becomes freer.

Beaten tracks.

It follows that a common benefit accrues from all acts of production—a benefit enjoyed by all those who attain their ends by following the previously beaten track—and, as this benefit cannot be withheld from his successors by any individual unless he possesses a ready means of closing the road behind him, it follows that in the natural order he cannot bargain with other labourers to obtain benefit by the direction of their labour except by arranging to apply his own labour to obstacles which are common to them and him. He can increase the common benefit accruing from his labour, but he cannot withhold it.

Labour is communal.

Co-operation is therefore traceable to first principles, and co-operative labour is normal labour. Labour is communal in its own nature, the by-product of every act being a beaten track.

Co-operation is the co-ordination of acts.

The application of the principle of co-operation is not, however, confined to those situations where a grouping of individuals is possible; it is dependent only on a grouping of acts of labour which can be directed along a beaten track. It is possible for a single labouring agent to co-ordinate all his efforts of a special sort or in a certain direction, and so to avail himself of beaten tracks within or outside of his own body instead of incurring at each separate attempt all the resistance which obstacles can present at a first approach.

The essential thing in co-operation is therefore the use of beaten tracks.

Co-operation and wealth.

Indeed, the nature of wealth itself can be more definitely understood if we have regard to the spacial limitation to its production, and the consequent expediency of co-operation. It is not labour which produces wealth, but it is co-operation in labour. For labour unco-ordinated can produce nothing, but only enjoys what nature provides ready to hand. And though natural resources are unevenly distributed, yet under natural circumstances this unevenness is counterbalanced or negatived by the distribution of population evenly with these resources, so that what is called fertility can give no basis for that comparative well-being which is denoted by the term "wealth." Wealth, therefore, may denote the extent to which natural supplies have been disposed by the co-ordination of labour so as to yield increased returns, or it may be taken to be the system of communications; or, again, the natural supplies themselves, which have been brought into local relationship by means of beaten tracks, may be called wealth.

Supplies inexhaustible.

The history of the more recent developments of co-operation will cause the student to attach less importance to the fertility of the available sources of natural supply than was attached to them by the earlier economists. The possibility of the exhaustion of all these sources was an obsession to the economists on whose formulas, including the law of rent, the science is still based. No doubt, in the absence of co-operation there might be danger of shortage, owing to the failure to make due use of the supplies that are available. But the elasticity of these supplies, and the possibilities which were latent until labour developed the present phase of co-operation, were overlooked in old days.

Economy is a normal growth.

We have before us to-day the instance of large populations in Europe enduring shortage of supplies, not through the exhaustion of the available supplies, but through the interruption of the transport necessary to co-operation. There is no limit to wastefulness as there is no limit to economy, and no limitation of population can provide a safe-

guard against want. The sufficiency of supplies is dependent on economy, on the speed with which they are circulated, and not on the bulk of material. But this economy originates in the nature of labour and is not forced by the shortage of supplies, and is therefore normal.

III. TRANSPORT

Specific character of transport.

The next thing we shall note is that among the movements necessary to the production of wealth there is one of a specific character that corresponds generally to that industry which is carried on under the name of transport. It is the movement from the sources of supply to and from co-operative centres, a movement necessitated by the co-ordination of similar acts of labour. This is the essential movement in the production of wealth; much of wealth is the result of this movement alone, and no wealth is produced without it.

The land question.

We may anticipate a little by pointing out that land is recognized as an element of the greatest importance in the production of wealth, and that the land which is so important an element in the economy of a community is this land across which the specific movement of transport between sources and centres takes place.

Co-operative centres.

It is not necessary to assume that the co-operative centre is a manufacturing town; it is sufficient that the exchange of any supplies must take place across a centre or market.

Concentration and dispersion.

Undue importance has been attributed to the uneven distribution of certain natural resources; insufficient attention has been given to the fact that, with regard to the many widely dispersed resources which are enjoyed without the aid of the co-ordination of labour, the widest dispersion of the population is the most advantageous as securing to each individual the fullest supply. Under the most intense system of co-ordination of effort to produce that we can imagine to be necessary, the principle of dispersal to consume would not lose any force. Hence the freedom of

movement between sources and centres is of the first importance to the possibility of wealth, whether it be the movement of men or materials, and whether it be movement to a centre for the purpose of production under the most favourable circumstances, or whether it be movement from a centre for the purpose of consumption under the most desirable conditions.

Common use of land.

The co-operative group is therefore the unit of labour in connexion with which the land question arises. The use of land in common is the ultimate basis of every commonwealth. No other form of communism is necessary; but this one is essential. This basis of community is more fundamental than the common ownership of the material to which labour is applied, for community in the use of land exists, for instance, where all bring their corn to one privately-owned mill to be ground and take their own flour away. The relationship which is common to the members of a co-operative community is the relationship which gives us the conception of land, for it is local, a relationship of space.

IV. LAND

Land and material.

It is therefore necessary to separate the conception of land from the conception of the materials which supply our needs. Land cannot even be said to provide those materials. The minerals in an area may be exhausted, or the soil may be washed away, but as much land remains as there was before, and the minerals and the soil are not renewed by the land.

Land is space.

The factor in the production of wealth which is commonly spoken of simply as land, really contains two elements. Land is spoken of as containing certain useful resources, and, on the other hand, we undoubtedly have to cross land which does not contain these desirable things in order to reach them. Land considered as containing useful material gives us the notion that land is a favourable element in production, but the land, measured in continents and oceans, which separates us from the products of the antipodes is

undoubtedly an adverse factor, for it renders us liable to all sorts of obstruction. The same term cannot serve for these two antagonistic notions. The necessity for movement is imposed upon us by spacial limitations, and space is evidently the universal element in the common meaning of land. All the space which is land is occupied by material, some of it useful and some of it obstructive with regard to the special purpose of the wealth-producing movement in hand at the time. For these material elements a separate definition is required. They are either resources or obstacles. We cannot say that land is either, nor is its nature altered by what it contains. It is the space in which movement between the sources of materials necessary to supply men's needs is liable to obstruction.

Land and labour.

Our conception of space arises from the sensation of movement, as when the eyes are turned from one object to another, and in the same way our conception of land as an economic factor arises from the labour involved in overcoming the obstacles to which space makes us liable in moving ourselves or our materials from one place to another. When land is said to be fertile, what is meant is that the labour necessary to collect the useful materials in it is slight, because the distance between the masses of them is short. It is better to think of land as the space that separates specified materials than as that which contains them.

Physiocrats.

This distinction between land and materials was not always easy to make. At one time it was hard to find a generally understood type of industry other than agriculture; in fact, agriculture was held by the Physiocrats of France, the first modern school of political economists, to be the only industry that was productive. In agriculture there was something apparently produced from land; but the appearance was deceptive, as we now realize. All that happens is that materials in the land, that are not the land, and are not present on all land, are moved so as to produce useful results. The old-fashioned formula for the agents in production, "Land, labour, and capital," in which the material agent is represented by "land," is a tradition from the time

of French philosophers whose doctrine of production is now generally abandoned.

Summary.

We have now arrived at the facts that transportation is the only necessary operation in the production of wealth—its title "production" is sufficient to tell us this—and that the land which is a factor in the production of wealth is that occupied by the system of communications or beaten tracks connecting the sources of supply with the co-operative centres. We have also seen that both labour and material may become negligible elements as co-operation leads to increased economy. There are, indeed, other movements of material through space which may add to wealth, without requiring movement over land, but they cannot add to wealth unless they are undertaken co-operatively, and therefore they too are dependent upon transport. We have therefore localized our problem in a space where the elements are very simple.

V. RENT

Physical obstacles.

The obstacles that are encountered in traversing land are, of course, all physical obstacles, and many of them occur in the order of nature, such as the friction of the air, and mountain ranges, nor is there any land without some such obstacles. So far as these obstacles occur in the order of nature the land question to which they give rise is solved by the natural expedient of a co-operative community, which forms beaten tracks or avenues by which the obstacles are reduced; in fact, communication takes place along a system of lines. Thus, if necessary, an industrial centre is selected where the physical obstructions are the slightest and the city springs up for no other purpose than to simplify transport and solve the land question. Where insuperable obstacles exist the question is necessarily settled by a limitation of the power of co-operation. Things thus quickly attain a condition of stability, which condition is the touchstone of the natural order.

Political obstacles.

Obstacles of another order, however, may be placed in the avenues of the community after these avenues have been

formed. These are the obstructions placed by landownership, which are physical obstacles, but are insuperable because the law which sanctions them is backed by the supreme political power. The community may therefore have to face a new phase of the land question which cannot be solved by any other means than the redemption of the power which placed, and can remove, the obstacle—that is, by the payment of rent. The definition of landownership follows from the definition of land; land being the space in which movement is liable to obstruction, landownership can be nothing but the power of placing or removing that obstruction.

Rent and landownership.

Rent is the portion of supplies transported across land which can and must be surrendered in return for freedom of movement where movement can otherwise be denied. It is rent alone, this separable portion of the supplies, that is the cause of landownership. It sometimes happens that, in a place where the system of landownership is established and all industry is subject to rent, the actual transporter of the supplies may find that the complete redemption of the power to obstruct his movement is necessary to his freedom, and he buys the land; but he does so with the same object of obtaining the rent which he probably intends to improve. By this measure he may be said to be securing his own property, for it is he that pays the rent. But the powers of landownership are equally effective in securing a rent of those supplies to which the owner of the land lays no claim until they are brought by others into or across his land.

Safeguard of property.

Landownership is therefore an equivocal method of guarding property. It creates the danger against which it professes to be a safeguard. The natural and sufficient safeguard of property is freedom of access for all to the sources of supply. It has been already remarked that there is no fear of any shortage of these supplies provided that the freedom of movement necessary to their co-operative use prevails. Property would not then be endangered through its scarcity. Nor would any source of supply be in danger of abuse because of its great value in comparison with other sources. For, access being free to all, no one could hope to

reap special advantages not due to his labour by applying himself to one source more than another. In a goldfield the adventurer who takes to market gardening or washing, shares the abundance which rewards the gold-seekers, and an overworked mine or farm would cease to attract newcomers.

Rent predatory.

The nature of rent, then, is not industrial but predatory. The opportunity for it is furnished not by a fertile soil but by a co-operative community; and the rent of land varies in amount with the intensity of the co-operation.

Feudalism.

The first demand for rent may be supposed to have come from those who beset the highways and spaces between the co-operators and their centres. At a later stage their successors established themselves as the nominal guardians of the industrial communities, and substituted legalized exactions on a basis of "land-value" for the previous irregular plundering. Finally, these legal rights to rent were farmed by subordinate landowners, while the sovereign power of adding to the taxes was retained by an overlord.

VI. LANDOWNERSHIP

Ricardo.

At this point, therefore, we join issue with the followers of Ricardo, who regard the rise of rent as natural and inevitable, owing to the uneven distribution of natural resources, the surplus, where it exists, being appropriated as a windfall by the first comers to the exclusion of later arrivals.

Current theory of rent.

Rent, according to Ricardo, is fixed by the productivity of land at the margin of cultivation. The best quality of land is occupied first, and so long as there is plenty of the best quality no rent is paid. But when the second quality of land is taken into use rent begins on the best land; and similarly, when the third quality is occupied, rent begins on the second quality, and is raised to a higher level on the first quality. No rent is ever paid for the poorest quality of land in use, but all the return earned by labour on the better qualities of land that exceeds the return earned on the poorest quality land by

the same application of labour, is bound to become rent, and rent rises as the demands of the population necessitate resort to poorer and poorer qualities of land.

Landowner-shipassumed.

In criticism of this theory it is to be observed that it obliges us to assume that landownership is an original institution. Ricardo's primitive industrialists are landowners. No grounds are given for this assumption. So far from landownership giving rise to rent, the custom of taking rent is the only logical explanation of the rise of landownership, landownership being quite unnecessary for industry. Nor is an industrialist professionally qualified to be a landowner and rent-collector. As an industrialist he has no means of seizing and retaining any surplus of those natural advantages of the soil in which every other industrialist would, in an unsophisticated age, expect to share equally.

Co-operation primitive.

On the other hand, the instinct of co-operation is deep-rooted and primitive, and the possibilities of gain through co-operation were probably seen by primitive men, as indeed they might be seen now, to be greater than the possibilities of gain through the antagonistic system of rent receiving. The later arrivals on a fertile spot would therefore be invited to increase the gains of the original occupant, and to secure the best conditions for themselves, by co-operating with him.

No margin.

Nor, when the materials situated in the richest land were exploited, would the gains of a wider co-operation be sacrificed in order that rent might be taken, but the second quality of land would be occupied by the same community, and the extension of industry to any region that was necessary would take place without the principle of marginal productivity, if there be such a principle, ever coming into operation.

Primitive peoples and land.

Moreover, the doubt whether the origin of rent is to be traced to the claims of the first occupants of land is confirmed by the observation that primitive and aboriginal peoples seem always to have held land in common, whereas a sufficient historical explanation of the rise of rent in our own country is to be found in the establishment of the feudal system, which was not industrial but predatory.

"Magic of property" in land.

Incidentally, if Ricardo's theory is correct, and labour is applied so as to yield a greater return in one place than another, then labour must be applied uneconomically under landownership. For it should be applied in increasing quantity to the better class of land, so long as that land yields a greater return to the whole capital applied to it than the next best land would yield, in proportion, to any part of the capital; that is, until capital could be applied to the next best land on equal terms, in which case there would, of course, be no surplus product for rent. On Ricardo's theory, labour is applied to inferior land under a system of landownership sooner than would be necessary under common ownership. In order that rent may be paid the resources of the better quality of land must remain underdeveloped, so that some labour may reap a disproportionate reward. Landownership would thus be a hindrance to production. So much for the "magic of property" in land, on the accepted theory of rent.

The communization of rent.

Again, if Ricardo's theory is correct and rent arises from the differing returns yielded to labour in different places, then the mere communization of rent can never satisfy the social demands of human nature, for men are artists as well as consumers, and will ultimately claim not only to consume, but also to produce, equally and on the most advantageous terms.

VII. THE MARGINAL THEORY

The nature of resources.

So far our criticism has been directed to Ricardo's interpretation of human nature. There remains something to be said about his view of the nature of man's resources.

Uneven rates of return.

There is no ground for the assumption that because natural resources are unevenly distributed in space or on land, therefore there will necessarily be an inequality in the return yielded to the labour actually applied to them. For in the provision of transport there exists a natural means of obviating the uneven distribution of natural resources, and of

enabling an even proportion between labour and the resources at its disposal to be continually maintained.

Fertility. This is capable of simple proof. For, since natural resources are never evenly distributed, it follows that the rate of fertility of any piece of land is the average rate of fertility of its parts, and if only the more fertile half of the piece of land in question were considered, the rate of fertility would be higher. So, by selecting only certain parts of land, the quality of land on which labour is to be employed can be raised indefinitely. This is true of land generally, and not only of the so-called more fertile tracts, for though natural resources are not evenly distributed, neither are they concentrated or, as it were, polarized. In the less fertile tracts the parts selected for exploitation would be farther apart, but their greater average fertility would compensate for the greater labour of transport involved in using them.

No margin of productivity. In fact, by means of transport it is always possible to find or develop new sources of supply equal to the old, and in the extension of the sphere of operations by this method, it is obvious that no spacial margin of cultivation would appear, nor would any source be worth the payment of rent. Much land, or rather much material, might be unused, but, where it was used, an equal return would be yielded in all parts to the labour employed. The industrious tiller of the soil, therefore, need expect no larger return for his labour on a few loamy acres than the equally industrious hunter who occupies as many square miles of barren country, visiting in it only the haunts of the wild beasts or the habitat of the wild fruits, which themselves perform much of the service of transport for him, by collecting in their tissues the sparsely scattered resources of the neighbourhood.

John Orr's remarks. Mr. John Orr, in his "Taxation of Land Values" (P. S. King & Sons, 1912), has observed that Ricardo, in showing how rent arises, "describes a process which never takes place in real life." In his chapter on "Taxation and Rent" he doubts whether 100 quarters of wheat in one case, and 80 or even 90 quarters in others, are ever produced "with an equal employment of capital and labour." He

says that "good" land differs from "bad" land chiefly because it admits of the application of a greater amount of capital and labour to a given area. And he remarks significantly that Mill and Marshall "instead of finding the cause of rent in the economic phenomenon of the division of labour and capital for increasing the value of those portions and kinds of land which seem best to them, a phenomenon whose existence is indisputable, find it in the alleged chemical phenomenon of a falling off in the supply of chemical powers available for man's use."

Criticism of John Orr. Mr. Orr sees Ricardo's mistake with regard to the use of land, and he is aware that rent is a fund due to labour and not to the natural agent, but he subsequently justifies rent as payment for the benefit of services performed by the community for its members, instead of seizing upon the simpler and more general fact that rent is taken not by those who serve, but by those who have the power of impeding the community.

Marginal theory unhistorical. What Ricardo describes "never takes place in real life." So far as we know, no unoccupied country was or is ever peopled by gradual spacial advances of agriculturists under a system of renting, but when a so-called new country is explored, the original population is always found, however sparse that population is, to be dispersed over the whole country, and frequenting the richest sources of supply in the greatest density.

Rent and agriculture. Agriculture, the industry which lends itself most easily to the illustration of the supposed marginal progress, was not the earliest of the forms of industry and is not carried on without considerable combination and subdivision of labour, or co-operation, and the rise of rent which seems to become first appreciable under that industry, should be attributed rather to the growth of co-operation, with its attendant vulnerability due to the use of land as avenues of transport, than to the monopolization of the fertile soils.

Growth of co-operation. The progress of industry has been correctly observed by other writers to have been from labour yielding a small return to labour yielding a large return, instead of the reverse,

as described by Ricardo. In the earliest condition known of any country the whole of it was occupied, and that generally by hunters. Hunting is succeeded by gradually more co-operative industries, such as pastoral, agricultural, and purely mechanical methods of fitting natural material to suit the needs of the population, and in this progress the need for increased co-operation—that is, for increased economy—is first felt by those who are the first to arrive at the verge of want owing to the diminution of natural supplies in their neighbourhood.

Co-operation and rent.

In such a case the occupants of an impoverished soil would be the first rent-payers, but rent would be paid, not on account of the extra fertility of the soil they occupied, but because the co-operative methods adopted on account of the poverty of the soil, provided both the fund from which rent could be paid, and also the opportunity for its exaction by their neighbours in whom the predatory or hunting instinct was unabated. So long as a whole population is engaged in hunting, the least co-operative industry, and the most dependent on natural fertility, the rival groups in it aim at the extermination rather than the enslavement, and much less the holding to rent, of one another.

Conclusion.

The conclusion of our study of rent is that rent is not a tax upon natural resources but upon co-operative industry, and the key of its position is not at the sources of supply, which are not easily monopolized, but on the lines of communication used by co-operative communities, and particularly in those localities where the avenues of commerce converge on large centres of industry, and can therefore easily be obstructed.

Capitalism.

The advantage of making this apparently fine, but perfectly sound, distinction in regarding rent as a payment for traversing land, and not for the use of natural resources, will appear when the problem of the present phenomenon of capitalism is considered in connexion with it.

VIII. CAPITAL

Gains of co-operation.

No co-operation being possible without the crossing of land, it may be expected that the portion of earnings surrendered for the right to cross land will bear some relation to the gains of co-operative over isolated labour, and, if every avenue from the sources of natural supplies to the co-operative centre is subject to the power of landownership, as these avenues so easily may be where they converge, as converge they must, there seems to be no reason why approximately the whole gain of co-operation should not be forfeited as rent.

Indifference of community.

In this case the co-operative community will surely reach a stage of complete financial impotence and indifference, being maintained at their original standard of ease by the necessity of their labour to others, and being prevented from rising above it by their inability to reap any benefit from their co-operative efforts, however great. This state of indifference is important, as it leads to a change in the system of co-operation itself.

Landowner's interest.

For in proportion as industrial progress becomes a matter of indifference to the members of the working community, the interest in it is transferred to the receiver of rent. The department of industry in which progress would most benefit him is that of transport, and it is his interest that the labour of transport should be lessened by the removal of purely physical obstacles, and that the availability of supplies at the sources should be increased, for it is by a tax on goods transported that his gains are realized.

Railroads.

When, therefore, there arose the crisis of the invention of steam-power and the railroad, by which physical obstacles are reduced and more extended fields of supply may be reached, such means of communication were not provided by the community and made to run over common land, but the railway system was built upon land which was owned for the purpose of receiving the gains of co-operation by those who were accustomed to receiving them.

Transport monopoly.

The gains of co-operative labour forfeited by the community have ceased to be represented by the simple payment of rent. The land monopoly has become the transport monopoly; for the chief importance of land now lies in the narrow lines of communication, and land which is not in these lines loses those facilities which it enjoyed when transport was more diffused. Under the transport monopoly, in which the service of transport is combined with the ownership of land, the gains of co-operation are realized in new forms, such as monopoly charges for transport. Rent continues to be paid only where the gains of the owner of the land cannot be increased by improved transport facilities.

Capital.

We may now speak of capital. When labour is uncoordinated, as land is not a factor so neither is capital. But when production takes place under a system of co-operative labour, or at least where the combination and subdivision of labour is practised, supplies have to be transported across land before they can be used, and supplies when thus transported to the co-operative centre become capital. It is the limitation of space which imposes the necessity of forming capital, and capital is distinguished by its situation at the centre of co-operation, and correspondingly supplies cease to be capital on their dispersal. The relation between land and capital is thus established.

Capital monopolized.

Capital being transported supplies, it is obvious that if the lines of communication through the limited space over which they can be transported are privately owned, the formation of capital is monopolized. Capital may be transferred, and men may forego the normal standard of living and forfeit their wages to win a little capital, but capital cannot be formed except by those who have the right to transport supplies freely. Capitalism is the power of the monopoly of capital.

Change in land system

The change which resulted in co-operation being taken out of the hands of the labouring community by the landowning class, the change from feudalism to capitalism, has been accompanied by a change in the constitution of landownership. The formation of long lines of communication

used for an intensive system of transport has necessitated an interference with the rights of the feudal landowners who have been made subject to powers of expropriation by the new class of landowner-capitalists. On the bridge formed by this system of communications—a bridge resting on land, and bearing the monopoly of transport—is erected the fabric of capitalism.

IX. CONCLUSION

Rent might disappear.

Rent is therefore not a permanent fund which is bound to influence the system of industry, however that system is organized, but it is a part of the capitalistic system and might disappear in the absence of political restrictions on movement.

Taxation of land value.

The followers of Henry George who advocate the taxation of land values, have stayed too long just where their leader left them, and should follow up their plea with one for the spending of the proceeds of the tax when collected on the provision of freer communications. In the natural order nothing is arbitrary, and it seems to be natural that a special form of raising revenue should have as its complement a special form of expenditure. The selection of land value as the fund for taxation on the ground that it is a monopoly can only be justified by the expenditure of the tax on abolishing that monopoly.

Alternative systems.

The taxation of land value or the communization of rent, by itself, would lead to a system of state communism. The members of the community would live partly on the state's land revenue. Whereas, if the policy of free communication were to be achieved, a measure of natural communism—the freedom to produce capital—would ensue, and the members of the community would live on their own earnings in which the rent or *produit net* would have been reabsorbed.

The rights of property

It has been remarked that the effects of the establishment of freer communications on the rights of property would be entirely beneficial. These are natural rights—that is to say

that no stable state of society can be conceived in which the power to dispose of one's labour to secure a personal satisfaction could be denied. But the comparative value of property with regard to labour would soon fall to a natural level if access to the sources of property were normally free.

The sources of supply.

It is even possible to hazard the opinion that notwithstanding the existing legal rights to monopolize supplies in their natural sources, the resources that are available are sufficient to satisfy any community that is possessed of the knowledge how to use them, provided that it is not hampered by restriction of movement, and that, therefore, the comparative value of those sources which are at present lost through appropriation might be much reduced by freer communication. Moreover, the power of access to any locality being no longer denied, equity would modify the extremity with which legal rights are now applied.

Cheaper capital.

Freedom of movement, which appears to be a natural right of all the members of the community, could hardly be restored by the sudden suspension of land laws without confusion being brought about in the abnormal social state into which those land laws have brought us. Moreover, the loss of political liberty of movement has already resulted in a loss of the power of movement in the sense that the means of transport necessary to improve the condition of the community are not immediately available without the aid of those who have monopolized them for so long. And though men desire to be free politically in the matter of their movements, their movements are, as a matter of fact, prescribed by desires of a less abstract sort. What is required at present is cheaper, or more accessible capital—that is, the abolition of capitalism. We may, therefore, turn our attention to measures which would promote and permanently maintain the freedom of movement which is necessary to cheapen capital, believing that without the monopoly of capital the landowning interest would be innocuous.

The method.

If the monopoly at the base of capitalism were a monopoly of the sources of supply, it would be impossible to remove it except by methods involving confiscation; for it is

impossible to create new sources. But if the monopoly is one which extends only to the existing lines of communication, and the shortage affects capital and not supplies at their source, then the problem is one which a community, organized as a state, can tackle without confiscating, for the power of organizing transport has never been surrendered by the state. It may indeed be claimed that the functioning body in the community which has caused the rise of rent and the scarcity of capital by alienating land, is bound to take whatever measures are necessary to remove the evil effects of its action.

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